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To the Committee on House Ways and Means:

The national debate over taxation is shifting from the question of *whether* to alter our current tax system to the question of *how* to alter it. Today, polls indicate that a large majority of Americans are extremely frustrated with the current federal income tax system. The income tax discourages personal savings and investments by taxing capital gains, dividends, and interest earned. Wage earners struggle under the burden of a very regressive payroll tax. The income tax is complex – so complex that no one, not even the experts, truly understands it. Moreover, for the tax to be enforced the taxpayer must sacrifice significant privacy. As a result, our citizens are governed by needlessly burdensome tax laws that they cannot understand and that are intrusive, complex, costly, and often invisible.

Throughout the history of our country, our citizens and government have had an objective to increase every American's chance to achieve economic independence by providing greater opportunities to share in our country's growth and prosperity. The FairTax helps us achieve this goal. Americans are better off under the FairTax. Every taxpayer is subject to the same sales tax rate with no exceptions and no exclusions; but those least able to share in the cost of government will carry no federal tax burden at all.

Our current tax system is also unfair because it is highly responsive to political influence on behalf of special interest groups. Average taxpayers without the means or organization to influence tax policy are at a clear disadvantage. The inextricable relationship between the tax code and lobbyists is evidenced by the fact that more than half of Washington lobbyists are registered on tax matters. Under the FairTax, there are no exceptions and there are no exclusions – there are no loopholes to be exploited by special interests. Under the FairTax, all taxpayers have an equal voice.

Slow economic growth and economic stagnation have an adverse impact on low wage earners. These families are more likely to lose their jobs, are less likely to have the resources to weather bad economic times, and are more in need of the initial employment opportunities that a dynamic, growing economy provides. The income tax retards economic performance by creating a significant bias against saving and investment through double, triple, and even quadruple taxation. Under the FairTax, what you earn is what you take home. Americans are able to save more and invest more. The FairTax dramatically increases investment levels compared to levels that would have been achieved under the current income tax system. Increased savings will stimulate investment and productivity and the economy will grow more rapidly, creating demand for workers and improving job opportunities. Because taxes on capital are removed, foreign capital will flow into the United States, creating businesses and jobs. U.S. products competing abroad are free of the hidden costs of taxation while the FairTax is collected on

foreign products sold in the United States. Virtually all economic models project a much healthier economy under a broad-based consumption tax such as the FairTax

As for the panel's discussion of a Flat tax, please consider the following:

The flat tax keeps the IRS, the FairTax does not.

The flat tax does not fix the import/export problem, the FairTax does.

The flat tax continues to tax income (productivity), the FairTax taxes consumption, but rewards productivity .

The flat tax continues to use corporations as tax collectors, discouraging business development, the FairTax frees corporations and stimulates the economy.

The flat tax continues to "hold down" the poor by raising taxes with income; the FairTax allows increased income without penalty.

The flat tax continues the withholding system, the FairTax allows you to keep your whole paycheck.

We have had a flat tax before, and look what it turned into!

The flat tax keeps the roughly \$400 billion in compliance costs now paid under the current system, the FairTax eliminates these costs.

The flat tax continues to favor drug dealers, hookers, and other members of the underground economy; the FairTax taxes them when they make their purchases.

The flat tax only takes one to cheat (like now), the FairTax system is more robust because it requires two parties to cheat the system.

We have a flat tax right now, it's called FICA, and is the most regressive tax of all.

I urge the Committee to take action NOW, while the debate is only what system we should switch to, and not if we should switch at all. A move to adopt the FairTax will make the U.S. the greatest place on earth for a corporation to locate a headquarters and move employees to. Trillions would flow back to our shores from off-shore accounts with the FairTax in place.

The net result? **J-O-B-S!**

Thank you for your time and consideration,

Richard J Giambruno, a voter.